

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS

IN RE:)	
)	
Application of Daufuskie Island Utility)	MOTION FOR REONCISDERATION
Company, Inc. for Approval of an)	OF DIRECTIVE 2018-208
Adjustment for Water and Sewer Rates,)	
Terms and Conditions.)	
_____)	

NOW COMES THE APPLICANT, Daufuskie Island Utility Company, Inc. (“DIUC”), to request this Commission reconsider Directive 2018-208 wherein the Commission deferred ruling on DIUC’s request that it be permitted to release the Letter of Credit (“LOC”) obtained by DIUC shareholder Terry Lee to assist DIUC in securing a bond renewal.

The Bonds Have Served Their Intended Purpose.

In the Application that initiated this proceeding, DIUC sought a 108.9% increase in its rates. Commission Order 2015-846 allowed DIUC an approximately 43% increase in its rates. DIUC appealed and sought to implement its requested rates under bond pursuant to S.C. Code Ann. § 58-5-240 pending appeal. The Commission approved bonds that protected ratepayers in the event that DIUC collected the 108.9% but was unable to pay it back in a loss on appeal. *See* Commission Order 2016-156 dated March 1, 2016, and Order 2017-402(A) dated June 30, 2017. As explained by S.C. Code Ann. § 58-5-240(D), the purpose of such bonds is to protect the persons who may be “entitled to the amount of the excess” rates collected should a court approve the Commission’s findings.

After rehearing, the Commission entered a directive dated December 20, 2017, and granted

to DIUC an approximately 89% increase in its rates. Applying the instructions of the Directive and the resulting fallout adjustments, DIUC calculated the approximately 89% increase would produce an annual revenue increase of \$955,136. On December 22, 2017, DIUC filed a rate schedule along with information on the credits to be applied to refund the difference between the 108.9% and 89% increases, with interest. Subsequently, on January 31, 2018, the Commission issued its full Order on Rehearing. *See* Order 2018-68. DIUC filed a Petition for Reconsideration. The Commission denied reconsideration. *See* Directive 2018-208. The Commission also directed DIUC to use the \$950,166 increased instead of the \$955,136 increase level calculated by DIUC. *Id.*

In compliance with Directive 2018-208, DIUC filed revised rates for its April 1, 2018, billing that also included additional refunds, with additional interest. *See* Docket ID #275296. Accordingly, DIUC has refunded to its customers the difference between the original 108.9% rates charged from July 1, 2016 through October 1, 2017, along with interest, as well as the refund to adjust to the \$950,166 revenue increase, including interest. *See* Docket ID #274057 and #275296. As such, the purpose of the bond has been completed; there is no risk to the customers that they will not be refunded the difference between the rates DIUC charged pending appeal and the rates ultimately approved by Order 2018-68. The refunds have already been made.

In response to DIUC's attempt to free Mr. Lee's personal assets, ORS asserted it had not yet been able to complete its review of DIUC's refunds. As such, ORS wants the bond to stay in place. However, that position and a delay in release of the LOC cannot convert the rate bonds into some sort of catch-all security for any ORS issue with interest or other calculations. The refunds have been made; any further correction or suggestion by ORS or any future customer complaint should be address individually. The bonds were never intended to and ought not be extended to

attempt to cover matters that do not require the protection of bonds. Additionally, Mr. Lee should not be punished for his willingness to help DIUC survive what was a successful appeal and rehearing process.

The Bonded Risk Has Been Resolved.

To help DIUC secure the last renewal of the bond prior to this Commission's Order on Rehearing, SunTrust sequestered deposits of \$600,000 belonging to Mr. Lee then issued the LOC which the bonding company relied upon for the renewal. The personal funds used to secure the SunTrust LOC were not intended to be retained after December 31, 2017, when the bonds expired.

DIUC has provided the refunds that the bonds were intended to protect. *See* Docket ID #274057 and #275296. DIUC is now charging rates which are authorized by the Order on Rehearing. The current rates are not subject to refund or any requirement of a bond. As such, the LOC is no longer required and Mr. Lee's funds are not necessary to secure the LOC. Understandably, Mr. Lee wishes to have access to his personal funds.

Conclusion

WHEREFORE, DIUC respectfully requests this Commission enter an order finding that DIUC is no longer collecting rates pursuant to the bonds issued per Commission Orders 2016-156 and 2017-402(A) and that the surety may therefore release the bonds and LOC thereby allowing SunTrust to release its interest in the personal funds of Mr. Lee that were used to secure the LOC for the bonds.

Respectfully submitted,

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April 4, 2018
Charleston, South Carolina

CERTIFICATE OF SERVICE

This is to certify that on April 4, 2018, I caused to be served upon the counsel of record named below a copy of the foregoing MOTION FOR RECONSIDERATION OF DIRECTIVE 2018-208 electronic mail, as indicated.

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